



STATE OF NEBRASKA

Don Stenberg, State Treasurer

State Capitol, Suite 2005 | P.O. Box 94788 | Lincoln, NE 68509 | 402-471-2455 | www.treasurer.org

January 8, 2015

Mr. Patrick J. O'Donnell
Clerk of the Legislature
State Capitol, Room 2018
Lincoln, Nebraska 68509

Dear Mr. O'Donnell:

As I begin my second term as Nebraska State Treasurer, I am pleased to report on the accomplishments of the Treasurer's Office in the last 12 months, some of which reflect ongoing efforts initiated since I took office in 2011. I am honored to serve as one of the Constitutional officers of the State of Nebraska and to lead a capable and committed staff. I am also honored to represent Nebraska as I serve this year as President of the National Association of Unclaimed Property Administrators and Midwest Vice President of the National Association of State Treasurers.

The following Report to the Legislature is respectfully submitted as required by Nebraska State Statute and will be submitted online to the Legislature's website in addition to being delivered to you by letter.

Treasury Management

In Fiscal Year 2013-14, the Treasury Management Division processed more than \$11.2 billion in state agency receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, checks, and cash and coin. Treasury Management completed 301 transfers: 118 transfers to and from the General Fund, 2 transfers to or from the Cash Reserve Fund, 3 transfers between the General Fund and Cash Reserve Fund, and 178 other fund transfers based on Nebraska State Statute requirements.

Additionally, Treasury Management continues to work with agencies to complete compliance reports for remote deposit capture, ACH audits, and credit card data security. Treasury Management also prepared Request for Proposals for three major contracts last year and, as part of the process, evaluated and awarded contracts for the State of Nebraska credit card, the stored-value card, and Automated Clearing House (ACH) payments.

Nebraska Educational Savings Trust

The Nebraska Educational Savings Trust (NEST) is committed to helping parents and grandparents reach their college savings goals. As of November 30, 2014, the Nebraska Educational Savings Trust recorded a total of \$3.8 billion in assets and 223,400 accounts. The four plans in the Trust are the NEST Direct College Savings Plan, the NEST Advisor College Savings Plan, the TD Ameritrade 529 College Savings Plan, and the State Farm College Savings Plan. As of November 30, 2014, there were 21,244 new accounts for the 2014 calendar year.

For the second consecutive year, two plans in the Trust earned Bronze ratings by the independent rating firm, Morningstar. The NEST Direct plan and the NEST Advisor plan were among 29 plans Morningstar said "rose above their typical peers" in its ratings for 2014. In its analysis, Morningstar said attractive tax benefits made the NEST Advisor and NEST Direct plans solid choices for Nebraska residents in particular. In addition, "The underlying investment options are a mostly compelling bunch," Morningstar said. The NEST plans have also received the top five-cap rating from the well-respected website, savingforcollege.com.

We saw great success with Nebraska NEST Financial Scholars for Students, an online financial literacy education program sponsored by NEST at no cost to schools. During the 2013-14 school year, 81 Nebraska high schools took advantage of Nebraska NEST Financial Scholars with a total of 2,214 students reached. Of that total, 977 students completed all nine modules of the program to be certified as Nebraska NEST Financial Scholars.

The online financial literacy program was developed by EverFi, an educational technology company in Washington, D.C. In addition to the 81 schools using the EverFi program through Nebraska NEST Financial Scholars, another 39 high schools in Nebraska provided the EverFi program through the sponsorship or co-sponsorship of local banks. We also continue to promote Nebraska NEST Financial Scholars for Families to help families learn more about state-sponsored 529 college savings plans in general and NEST in particular. NEST Financial Scholars for Families is also free to Nebraskans. Both programs can be accessed through the Treasurer's website at www.treasurer.nebraska.gov.

Unclaimed Property

The Unclaimed Property Division returned \$11,735,152 in unclaimed property and paid 16,592 claims in 2014. That is the largest dollar amount of claims paid in a year since 2009.

The division has also worked to automate the online claims process. This addition to our website, when completed, will allow for claims to be processed more quickly and more unclaimed property to be paid to its rightful owners. The fast-track process will provide greater efficiency for our office through the use of technology.

In addition, the Unclaimed Property website was reorganized and streamlined to make filing claims easier and to make reporting property easier for holders, including financial institutions, businesses, and organizations.

StateSpending.Nebraska.gov

Significant improvements are continuing to be made to StateSpending.Nebraska.gov, as evidenced by generally favorable ratings by U.S. Public Interest Research Group (U.S. PIRG), a recognized rating agency for government transparency websites. StateSpending.Nebraska.gov's overall score jumped from a D in 2010 to the B range over the last two years. Last year, StateSpending.Nebraska.gov was ranked in the top half of state government transparency websites by U.S. PIRG. Nebraska was one of four states tying for 25th spot in the 2014 ranking of all 50 states.

U.S. PIRG evaluates the breadth and depth of information provided on StateSpending.Nebraska.gov and the ease with which users can search the website. Important recent changes made to the website include monthly, rather than yearly, updates to information posted on the website and technical changes, including providing more links to relevant websites and simplifying text and charts.

Nebraska received a near-perfect score in 2014 in the contracts and expenditures categories that have traditionally defined state transparency websites.

In 2014, however, U.S. PIRG revised its criteria to put a much greater scoring emphasis on economic development program benefits to specific companies. Nebraska law prohibits the public disclosure of that information. If all that information could be disclosed, Nebraska's score in 2014 would have been a 96, the highest in the United States.

StateSpending.Nebraska.gov by law is maintained by the Nebraska State Treasurer's Office.

Long-Term Care Savings Plan

The Long-Term Care Savings Plan includes 16 Participating Financial Institutions with 23 locations across the state. There are 468 accounts and \$1,164,328 in all of the accounts combined. The Treasurer's Office continues to work to share the Long-Term Care Savings Plan message with Nebraskans.

Nebraska Child Support Payment Center

The Nebraska Child Support Payment Center processed 1.5 million transactions, totaling more than \$297 million in 2014. Nearly 76 percent of all payments were received electronically, ranking the center in the top three in the country in electronic payment receipts.

In addition, the Child Support Payment Center disbursed about 1.4 million payments, totaling more than \$302 million. Nearly 98 percent of these payments were disbursed electronically. The center also ranks among the top five in the country in electronic payments disbursed.

The use of electronic payments significantly reduces the center's printing and mailing expenses.

The Child Support Payment Center conducted the following routine business over the last year:

- Responded to 49,220 customer service calls with the average call lasting about three minutes.
- Generated an average of 94,511 billing statements a month, all available electronically on the website, and emailed more than 13,500 statements a month to non-custodial parents.
- Implemented two new cash-based payment methods by partnering with PayNearMe and allowing MoneyGram payments to be accepted by Automated Clearing House (ACH) rather than by paper money orders, thereby, converting cash payments to electronic payments, which are guaranteed funds.
- Fully recovered 905 bank returned items totaling \$377,948 and prevented recovery of 95 bank return items totaling \$89,820. Also, fully recovered 391 overpayment items totaling \$151,783.
- Conducted 14 employer seminars across the state, reaching more than 200 employers. Eighty percent of payments received come from employers withholding income and remitting on behalf of their employees. Employer seminars cover all aspects of remitting child support payments and encourage employers to make electronic payments through the website or to remit electronically through their banks. This was the 11th year of seminars. In that time 180 seminars have been presented with a total of 3,636 attending.

Efficient Operations

Through careful management practices, the Treasurer's Office has successfully operated on substantially reduced budgets for four years without requesting a deficit appropriation and without cutting back on services or the quality of its services. Growing use of electronic payments, careful management of office resources, and minimal staff turnover make it possible to offer a new budget for 2015-17 with no requested budget increase. My budget request for 2015-17 calls for a total operating budget of \$4.7 million annually, the same as last year. The request includes a general fund appropriation of \$1.3 million each year, a decrease of more than \$43,500 each year from the general fund appropriation in 2014-15.

I am confident we can maintain the high quality of service we now provide with no increase in our overall budget for the coming two fiscal years through continued economies and efficiencies in the office. Budget cuts initiated by me over the past two years have streamlined our office practices and made us keenly aware of how to do more with less.

The zero-increase budget follows budget cuts I initiated in the Treasurer's Office in the past two budget cycles. I asked for and received a 13 percent budget cut (nearly \$1.4 million) in 2011-13 and an additional 1.2 percent budget cut in 2013-15. This represents a total savings of more than \$2.8 million during my first four years as State Treasurer.

Additional References

In conclusion, the Treasurer's Office submits the following links as references for information relating to the condition of the Treasury in accordance with Neb. Rev. Stat. Section 84-602 (6) (Reissue 2014):

- State of Nebraska Comprehensive Annual Financial Report for year ended June 30, 2014.
<http://das.nebraska.gov/accounting/cafr/cafr2014.pdf>
- State of Nebraska Annual Budgetary Report for year ended June 30, 2014.
<http://das.nebraska.gov/accounting/budrept/buddoc14.pdf>

If you would like additional information, please contact my office at 402-471-2455.

Respectfully,

A handwritten signature in black ink that reads "Don Stenberg". The signature is written in a cursive style with a large, looping initial "D".

Don Stenberg
State Treasurer

DS:jl

cc: Governor Pete Ricketts